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LOWENSTEIN, SANDLER, KOHL, FISHER & BOYLAN

A PROFESSIONAL CORPORATION

COUNSELLORS AT LAW

65 LIVINGSTON AVENUE
ROSELAND, NEW JERSEY

07068-1791

TELEPHONE (973) 992-8700

FACSIMILE (973) 992-5820

SOMERVILLE OFFICE

TELEPHONE (908) 526-3300

FACSIMILE (908) 526-9173

ALAN V. LOWENSTEIN
RICHARD M. SANDLER
BENEDICT M. KOHL
ARNOLD FISHER
JOSEPH LEVON STEINBERG
MATTHEW P. BOYLAN
BRUCE D. SHOULSON
JOHN R. MACKAY 2ND
MARTIN R. GOODMAN
JOHN D. SCHUPPER
STEPHEN N. DERMER
MICHAEL L. RODBURG
ALLEN B. LEVITHAN
R. BARRY STIGER
GREGORY B. REILLY
PETER H. EHRENBERG
STEVEN B. FUERST
THEODORE V. WELLS, JR.
WILLIAM S. KATCHEN
MICHAEL DORE
JOHN L. KRAFT
ASHLEY STEINHART
DOUGLAS S. EAKLEY
RICHARD D. WILKINSON

ALAN WOVANSIKER
KENNETH J. SLUTSKY
DAVID L. HARRIS
ZULIMA V. FARBER
WILLIAM P. MUNDAY
DANIEL J. BARKIN
GEORGE J. MAZIN
JAMES STEWART
LAURA R. KUNTZ
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RICHARD F. RICCI
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MARSHA L. LESTER
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ROBERT G. MINION
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GARY M. WINGENS
DIANE P. SULLIVAN
SAMUEL B. SANTO, JR.
ROSEMARY E. RAMSAY
JEFFREY B. GRACER

FRANCES M. O'CONNOR*
KARIM G. KASPAR
ROBERT M. LAPINSKY
HENRY M. PRICE
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MICHAEL N. GOOEN
JERI L. ABRAMS
RICHARD C. SZUCH
STEPHEN R. BUCKINGHAM
VIRGINIA A. LAZALA
GEOFFREY A. PRICE
PETER L. SKOLNIK
NESLIHAN S. MONTAG
ALEX MOREAU
WILLIAM J. VONDERHEIDE
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MICHAEL E. PETRELLA
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GEORGE W. ARNETT, III
THOMAS J. PYLE, JR.
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NANCY CHUNG
CHRISTINE OSVALD-MRUZ
ADWOA AYO SANDERSON
THOMAS E. REDBURN, JR.
ROBERT L. LOMBARDI
MICHELE C. MEYER-SHIPP
SUSAN J. SCHLECK
NEIL P. HORNE
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ROBERT K. SCHEINBAUM
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SARA B. ROSENSWEIG
JOHN E. CLARK**
MAURICIO F. PAEZ
JACQUELINE C. ROMERO
ERIC DAVID WEINSTOCK
ELI S. GOLDBERG
MICHAEL T. HUGHES

*PA BAR ONLY
**NY BAR ONLY

VIA CERTIFIED MAIL (RETURN RECEIPT REQUESTED)

Employers Reinsurance Corporation
5200 Metcalf Avenue
Overland Park, KS 66202

October 31, 1997

**Re: Potential Claim for Environmental Damage in the
Coeur d'Alene Basin, Northern Idaho
Insured: Group R Co., Inc.
Policy No.: U-9530 (12/1/70 - 12/1/73)**

Dear Sir or Madam:

We write on behalf of Group R Co., Inc. ("Group R"). Group R is the successor by merger to the Golconda Corporation (formerly known as the Golconda Lead Mines, Inc. (from 1927-1962) and the Golconda Mining Corporation (from 1962-1970)) and was formally known as the RegO Company (from 1977-1978) ("RegO") and RegO Group, Inc. (from 1978-1992) ("RegO Group"). From 1974 through 1976, Cerro Corporation ("Cerro") owned approximately 85% of the shares in Golconda Corporation. In 1976, Cerro was merged into the Cerro-Marmon Corporation ("Cerro-Marmon") and Cerro-Marmon continued to hold an 85% interest in Golconda. In 1977, Cerro-Marmon changed its name to The Marmon Group, Inc. ("Marmon Group") and continued to own 85% of Golconda/RegO/RegO Group until 1985, when Marmon Group purchased the outstanding 15% of stock in RegO Group and became the owner of 100% of the stock.

On or about August 29, 1997, the United States Department of Justice and the Coeur d'Alene Tribe filed motions in the United States District Court for the District of Idaho seeking leave to amend their complaints to add Group R as a defendant and seeking contribution pursuant to CERCLA toward the cleanup costs of the Coeur d'Alene mining district in Northern Idaho as well as Natural Resource Damages. A copy of those motions are attached for your information.

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GRP "R" CDA dm - 0154

October 31, 1997

Your company provided insurance coverage to either Golconda Corporation, Cerro, Cerro-Marmon, the Marmon Group, Marmon Holdings, Inc., the Pritzker Interests (including all divisions, subsidiaries and affiliates thereof) and/or Group R which obligates it to both defend and indemnify Group R against this claim. Kindly acknowledge your receipt of this notice and your acknowledgment of your defense and indemnity obligations by sending a written letter to Michael David Lichtenstein, Esq., Lowenstein, Sandler, Kohl, Fisher & Boylan, 65 Livingston Avenue, Roseland, New Jersey 07068.

Should you have any questions please do not hesitate to contact the undersigned.

Very truly yours,



Michael David Lichtenstein

MDL/nap

Enclosure

cc: Michael L. Rodburg, Esq.
William T. Sweeney (The Marmon Group, Inc.)

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